

To: Real Estate Department Partners

Notice: **RED-15-17**

From: Real Estate Department- Compliance and Asset Management

Date: April 15, 2015

Re: **2015 Tax Credit Rent and Income Limits**

The 2015 Multifamily Tax Subsidy Income Limits for the Rental Housing Tax Credit Program were released by HUD on March 6, 2015 and must be implemented by April 20, 2015.

Background information

Income and rent limits are no longer based solely on the county in which a development is located. Instead, limits are project-specific based on the placed-in-service date. Remember that a “project” is defined by the election made by the owner on Form 8609 Part II Line 8b. If buildings within the same development are considered separate “projects” (i.e. if Line 8b of the 8609 is marked “no”), then each building may potentially have different sets of limits. Even if the multiple building project election is marked yes, it is important to note that separate phases are always considered different projects and are therefore likely to have different sets of limits.

The Housing and Economic Recovery Act of 2008 (HERA) created HERA special limits for projects defined as “HUD hold harmless impacted projects.” A project is eligible to use the HERA special limits if:

1. The county has HERA special limits published; and
2. The project placed-in-service on or before December 31, 2008.

Furthermore, HERA established an additional “hold-harmless” policy for all tax credit projects. Under this policy, a project’s income and rent limits will never decrease from one year to the next, even if there is a decrease in the HUD published limits for the county in which the project is located. However, a project is never eligible to use a set of limits if it was not placed-in-service during the time those limits were in effect. A multiple building project is considered placed-in-service on the date the first building in that project places in service.

For more information on correctly applying income and rent limits, please refer to Parts 4.1 and 4.2 of the Rental Housing Tax Credit Compliance Manual.

Limits for other programs

The 2015 income and rent limits for the HOME, CDBG, CDBG-D, and NSP programs will be released under a future RED Notice when they are made available from HUD.

